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News Release

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3 defendants in Parish mortgage fraud scandal sentenced

The owners of Parish Marketing and Development Corp., a long-time Minnesota home builder, were sentenced today in federal court for conspiring to commit mortgage fraud and money laundering in connection with a scheme involving approximately 200 residences and approximately \$100 million in loan proceeds.

Michael Alan Parish, 63, Eagan, was sentenced to 156 months in prison, along with three years of supervised release; Ardith Ann Parish, 62, Eagan, was sentenced to 60 months in prison, along with three years of supervised release; and Christopher David Troup, 40, Eagan, was sentenced to 120 months, along with three years of supervised release by United States District Court Judge Ann Montgomery in Minneapolis.

In determining their sentences, Judge Montgomery found the scheme resulted in a loss of between \$20 million and \$50 million and harmed more than 50 victims.

Judge Montgomery said that along with the financial loss the victims lost their "hopes and dreams," and that the scheme went on for a number of years. "You chose a route that was fraudulent," Montgomery added. "These communities will take years to recover and you played a significant role in that."

Michael and Ardith Parish were the owners and officers of Parish Marketing Development Corp. (PMDC). Troup, their son-in-law, was an agent for the company. Along with the company, all three pleaded guilty in November 2007 to participating in the conspiracy.

"The crime of mortgage fraud poses a significant threat to the national economy, as well as Minnesota's economy," said Acting U.S. Attorney Frank J. Magill. "For many, the dream of home ownership has been shattered by those engaging in fraud, deception and illegal lending practices. These illegal practices have also resulted in communities blighted by foreclosed and boarded up homes, increased crime, property depreciation and other livability issues. Our office is working to ensure that those who devise and implement fraud schemes to bilk homeowners and lenders out of money will be prosecuted to the fullest extent of the law. Mortgage fraud will

continue to be a top priority, and we thank our law enforcement partners on the federal, state and local level, including the Mortgage Fraud Task Force, for their efforts in investigating these schemes.”

According to their pleas, the four defendants acknowledged participating in the mortgage fraud scheme, by which PMDC utilized “straw buyers” to purchase approximately 200 properties built by PMDC, primarily in the New Prague, New Market and Lonsdale area. In total, the scheme generated nearly \$100 million in loan proceeds, with PMDC receiving in excess of \$25 million from these loan proceeds.

The four defendants also acknowledged completing loan applications for the straw purchases, which included false information, executing loan documents in the names of the straw buyers, and manufacturing and providing false documentation, such as false representations of employment and false verifications of deposit, for the straw buyers for purposes of obtaining loan proceeds to purchase the properties from PMDC.

The four defendants also admitted providing false information that resulted in appraisals that overstated the amount for which the residences could have been sold at the time of the transaction in a normal, arms-length transaction. These appraisals supported a higher sales price to the straw buyers, allowing PMDC to obtain additional funds from the loan proceeds.

The four defendants admitted that the straw buyers did not view the residences they were purchasing, did not negotiate the purchase price of the residences, and, often times, did not execute the sales documents and loan documentation, which were instead signed by the defendants pretending to be the straw buyers.

Pursuant to the scheme, the four defendants admitted that the straw buyers – the nominal owners of the residences – made no payments on the mortgages that were taken out in their names. Instead, PMDC made all payments or allowed mortgages to go into foreclosure. Often times, PMDC utilized proceeds from the sale of one residence to a straw buyer to make monthly payments for the mortgages held on other residences in the names of other straw buyers.

Several other defendants connected to the conspiracy have pleaded guilty to federal charges and await sentencing.

Ramiz Yousef Saadeh, 30, Apple Valley, also pleaded guilty in September 2007 to conspiracy to commit mortgage fraud. The former US Bank officer, admitted providing false verifications of deposit to the home builder on behalf of straw buyers.

Kristopher Kenton Robbins, 28, Brandon, S.D., pleaded guilty in September 2007 to conspiracy to commit mortgage fraud. The former closing agent admitted to permitting conspirators to forge signatures on mortgage documentation. Robbins is scheduled to be sentenced on Aug. 5.

Melissa Smith, 45, Gerard, Ohio, pleaded in September 2007 to conspiracy to commit mortgage fraud. Smith, a stay-at-home mother and the sister of Troup, admitted to acting as a straw buyer for the scheme, purchasing 46 residences for approximately \$20 million from October 2004 through January 2007. Smith is scheduled to be sentenced on Aug. 4.

Donald Todd Yeager, 41, Ardamore, Okla., pleaded guilty in October 2007 to one count of honest services fraud. The former appraiser admitted providing misleading and inflated appraisals of the homes to lenders.

In June 2008, John M. Rubischko, 36, Eagan, a former mortgage broker implicated in the scheme, also pleaded guilty to mortgage fraud and identity theft charges.

This case is the result of an investigation by the Federal Mortgage Fraud Task Force, including the Internal Revenue Service-Criminal Investigation Division, and the Federal Bureau of Investigation. The investigation has been assisted by the Minnesota Department of Commerce, the Scott County Sheriff's Office, the Rice County Sheriff's Office, the Le Sueur County Sheriff's Office, and the New Prague Police Department. The case is being prosecuted by Assistant U.S. Attorney Joe Dixon.